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RESOLUTION ADOPTED BY THE GENERAL ASSEMBLY

[on the report of the Second Committee (A/51/602)]

51/164. Enhancing international cooperation towards a durable solution to the external debt problem of developing countries

The General Assembly,

Recalling its resolutions 48/165 of 21 December 1993 and 50/92 of 20 December 1995 and the relevant provisions of the report of the Ad Hoc Committee of the Whole of the General Assembly for the Mid-term Review of the Implementation of the United Nations New Agenda for the Development of Africa in the 1990s,[1] as well as the results, as agreed, of all major United Nations conferences and summit meetings held since the beginning of the 1990s,

Reaffirming the urgent need for effective, equitable, development-oriented and durable solutions to the external debt and debt-servicing problems of developing countries and to help them to exit from the rescheduling process,

Noting the improvement in the debt situation of a number of developing countries since the second half of the 1980s and the contribution that the evolving debt strategy has made to this improvement, noting with appreciation the debt-relief measures taken by creditor countries both within the framework of the Paris Club and through their cancellation and equivalent relief of bilateral official debt, and welcoming the even more favourable debt-relief measures taken by the Paris Club on the basis of the Naples terms of December 1994,

[1] Official Records of the General Assembly, Fifty-first Session, Supplement No. 48 (A/51/48).

Stressing the need for a full and swift implementation of those initiatives, which will further assist developing countries, in particular the poorest and heavily indebted countries, especially in Africa, in their efforts to improve their debt situation in view of their continued very high level of total debt stock and servicing burdens,

Emphasizing the importance for debtor countries of continuing to pursue and intensify their efforts with respect to economic reforms, and stabilization and structural adjustment programmes, in order to raise savings and investments, reduce inflation and improve economic efficiency, taking into account the need to address the social aspects of development, including the eradication of poverty, and their individual characteristics, as well as the vulnerability of the poorer strata of their populations,

Noting with concern the continuing debt and debt-servicing problems of indebted developing countries as constituting an element adversely affecting their development efforts and economic growth, and stressing the importance of alleviating the onerous debt and debt-service burdens connected with various types of debt of many developing countries, on the basis of an effective, equitable, development-oriented and durable approach and, where appropriate, addressing the full stock of debt of the poorest and most indebted developing countries as a matter of priority,

Noting that those developing countries that have continued, at great cost to themselves, to meet their international debt and debt-service obligations in a timely fashion have done so despite serious external and domestic financial constraints,

Expressing its concern that debt-relief measures taken so far have not yet fully provided effective, equitable, development-oriented and durable solutions to the outstanding debt and debt-servicing problems of a large number of developing countries, in particular the poorest and heavily indebted countries,

Noting the situation in some creditor countries with economies in transition in addressing the external debt and debt-servicing problems of developing countries,

Stressing the need for continuing global economic growth and the necessity for a continuing supportive international economic environment with regard to, inter alia, terms of trade, commodity prices, improved market access, trade practices, access to technology, exchange rates and international interest rates, and noting the continued need for resources for sustained economic growth and sustainable development of the developing countries,

1. Takes note of the report of the Secretary-General on the developing country debt situation as at mid-1996;[2]

2. Recognizes that effective, equitable, development-oriented and durable solutions to the external debt and debt-servicing problems of developing countries can contribute substantially to the strengthening of the

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[2] A/51/294.

global economy and to the efforts of developing countries to achieve sustained economic growth and sustainable development;

3. Notes that further progress, including swift implementation of innovative approaches and concrete measures, is essential for contributing to effective, equitable, development-oriented and durable solutions to the external debt and debt-servicing problems of developing countries, particularly the poorest and heavily indebted countries;

4. Stresses the importance for developing countries of continuing their efforts to promote a favourable environment for attracting foreign investment, thereby promoting economic growth and sustainable development so as to favour their exit from debt and debt-servicing problems, and also stresses the need for the international community to promote a conducive external economic environment through, inter alia, improved market access, stabilization of exchange rates, effective stewardship of international interest rates, increased resource flows, access to international financial markets, flow of financial resources and improved access to technology for the developing countries;

5. Also stresses that the evolving debt strategy must be accompanied by a favourable and supportive international economic environment, including the full implementation of the results of the Uruguay Round of multilateral trade negotiations, and the Marrakesh ministerial decisions in favour of the least developed countries and the net food-importing developing countries;[3]

6. Welcomes the Heavily Indebted Poor Countries Debt Initiative endorsed by the Interim Committee of the International Monetary Fund and the Development Committee of the World Bank and the International Monetary Fund, designed to enable eligible heavily indebted poor countries to achieve a sustainable debt situation through coordinated action by all creditors on the basis of adjustment efforts by the debtor countries;

7. Recognizes that the implementation of the Initiative requires additional financial resources from both bilateral and multilateral creditors without affecting the support required for development activities of developing countries, welcomes the commitment made to provide additional resources for the Initiative, and invites bilateral donors to contribute to the Trust Fund for the implementation of the Initiative;

8. Stresses the urgent need for the developed countries to give the Initiative the support it both needs and deserves and to implement it flexibly to ensure that the performance already achieved is taken into account in determining the duration of adjustment required to reach, with the assistance of all creditors, an exit from debt rescheduling;

9. Also stresses the importance of implementing the Initiative's eligibility criteria flexibly, in a transparent manner, and with the full involvement of the debtor country, and further stresses the importance of continuously evaluating and actively monitoring the implications of the existing terms of the eligibility criteria in the implementation of the

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[3] See Legal Instruments Embodying the Results of the Uruguay Round of Multilateral Trade Negotiations, done at Marrakesh on 15 April 1994 (GATT secretariat publication, Sales No. GATT/1994-7).

Initiative, so as to ensure sufficient coverage of heavily indebted poor countries;

10. Underlines the importance of the transparency and involvement of debtor countries in any review and analysis that will be conducted during the adjustment period;

11. Welcomes the decision taken by the Paris Club to go beyond the Naples terms to provide debt reduction, including some debt stock forgiveness for the poorest and most heavily indebted countries, stresses the need for the swift implementation of that decision, and urges all other bilateral creditors to make comparable contributions in the context of coordinated efforts by all countries;

12. Recognizes the efforts of indebted developing countries in regard to fulfilling their commitments on debt servicing despite the incurring of a high social cost and, in this regard, encourages private creditors and, in particular, commercial banks to continue their initiatives and efforts to address the commercial debt problems of middle-income developing countries;

13. Invites creditor countries, private banks and multilateral financial institutions, within their prerogatives, to continue the initiatives and efforts to address the commercial debt problems of the least developed countries and the requests for continued mobilization of resources through the Debt-reduction Facility of the International Development Association in order to help eligible least developed countries reduce their commercial debt;

14. Invites the International Monetary Fund to continue devising concrete measures and action to address the problems faced by indebted developing countries, including the provision of bilateral contributions and, if the need arises, to consider optimizing its reserves management in order to facilitate the financing of the Enhanced Structural Adjustment Facility;

15. Reaffirms the Mid-term Global Review of Progress towards the Implementation of the Programme of Action for the Least Developed Countries for the 1990s,[4] in particular the appropriate actions in favour of those countries concerning their official bilateral, commercial and multilateral debt;

16. Notes with concern the continuing burden of debt and debt-service obligations of middle-income countries, including in particular those in Africa, and encourages creditors, including multilateral financial institutions and commercial banks, to continue to address their obligations effectively;

17. Stresses the importance of continued concessional Enhanced Structural Adjustment Facility lending operations for low-income developing countries;

18. Also stresses the need for, in addition to debt-relief measures that include debt and debt-service reduction, new financial flows to debtor developing countries from all sources, and urges creditor countries and multilateral financial institutions to continue to extend concessional

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[4] Resolution 50/103, annex.

financial assistance, particularly to the least developed countries, in order to support the implementation of economic reforms, stabilization and structural adjustment programmes and the eradication of poverty by the developing countries so as to enable them to extricate themselves from the debt overhang and attract new investment and to assist them in achieving sustained economic growth and sustainable development;

19. Further stresses the urgent need to continue to provide social safety nets to vulnerable groups most adversely affected by the implementation of economic reform programmes in the debtor countries, in particular low-income groups;

20. Calls upon the international community, including the United Nations system, and invites the Bretton Woods institutions, as well as the private sector, to take appropriate measures and action for the implementation of the commitments, agreements and decisions of the major United Nations conferences and summits organized since the beginning of the 1990s on development related to the question of external debt;

21. Requests the Secretary-General, in close cooperation with the Bretton Woods institutions and other relevant bodies of the United Nations system, to closely follow the Heavily Indebted Poor Countries Debt Initiative and to report to the General Assembly at its fifty-second session on the implementation of the Initiative and of the present resolution.

86th plenary meeting
16 December 1996